CITY OF MINDEN, LOUISIANA
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2013

CITY OF MINDEN, LOUISIANA Annual Financial Report As of and for the Year Ended September 30, 2013

TABLE OF CONTENTS

	Statement	<u>Page</u>
Independent Auditors' Report		1
REQUIRED SUPPLEMENTAL INFORMATION Management's Discussion and Analysis (MD&A)		5
BASIC FINANCIAL STATEMENTS:		
Government-Wide Financial Statements (GWFS):		
Statement of Net Position	A	15
Statement of Activities	В	16
Fund Financial Statements (FFS):		
Governmental Funds –		
Balance Sheet	C	17
Reconciliation of the Governmental Funds Balance Sheet to		
the Government-Wide Statement of Net Position	D	18
Statement of Revenues, Expenditures and Changes in Fund	1 0	10
Balances	E	19
Reconciliation of the Statement of Revenues, Expenditures		
and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	20
the Statement of Activities	r	20
Proprietary Funds —		
Statement of Net Position	G	21
Statement of Revenues, Expenses, and Changes in Net Position	H	22
Statement of Cash Flows	Ι	23
Fiduciary Funds		
Statement of Fiduciary Net Position	J	25
Statement of Changes in Fiduciary Net Position	K	26
Notes to Financial Statements		27
REQUIRED SUPPLEMENTAL INFORMATION		
Budget Comparison Schedules	1	58
	2	<i>C</i> 1
Condition rating of the City's Street System	2	61
Schedule of Funding Progress for Other Post	_	
Employment Benefit Plan	3	62

CITY OF MINDEN, LOUISIANA Annual Financial Report As of and for the Year Ended September 30, 2013

TABLE OF CONTENTS

	<u>Schedules</u>	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION:		
Non-Major Governmental Funds — Combining Balance Sheet Combining Statement of Revenues, Expenditures and	4	64
Changes in Fund Balance	5	65
Budgetary Comparison	6	66
Schedule of Compensation Paid Board Members	7	67
OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING ST.	ANDARDS	
Independent Auditors' Report on Internal Control over Financial Report and on Compliance and Other Matters Based on an Audit of Financial St Performed in Accordance with Government Auditing Standards	-	69
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance required by OMB Circular A	133	71
Schedule of Expenditures of Federal Awards		73
Notes to the Schedule of Expenditures of Federal Awards		74
Schedule of Findings and Questioned Costs		75
Summary Schedule of Prior Year Audit Findings		77

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P.O. BOX 897 MINDEN, LOUISIANA 71058-0897 (318) 377-3171 FAX (318) 377-3177

MICHAEL W. WISE, C.P.A. CARLOS E. MARTIN, C.P.A. KRISTINE H. COLE C.P.A.

JENNIFER C. SMITH, C.P.A. KRISTIE K. MARTIN, C.P.A.

INDEPENDENT AUDITORS' REPORT

WM. PEARCE JAMIESON, C.P.A.(1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Tommy Davis, Mayor, and the Members of the Board of Aldermen City of Minden, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Minden, Employee Benefit Plan & Trust, which represent 81% and 100%, respectively of the assets and net position of the fiduciary funds. Those financial statements for this fiduciary fund were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Minden, Employee Benefit Plan & Trust Fund is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation in the financial statements.

We believe that audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements referred to above include only the primary government of the City, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for the City's legally separate component units to be reported with the financial data of the City's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Minden, Louisiana as of September 30, 2013, or the changes in financial position thereof the year then ended.

Unmodified Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of September 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, infrastructure information, and schedule of funding progress for other post employment benefits on pages 5-13 and 58-62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minden, Louisiana's basic financial statements. The other supplementary information on pages 64-67 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated March 15, 2014, on our consideration of the City of Minden, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Minden, Louisiana

Jameson, Wise & Martin

March 15, 2014



520 Broadway • P . O. Box 580 • Minden, Louisiana 71058 • Telephone (318) 377-2144 • Fax (318) 371-4200

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Our discussion and analysis of the City of Minden, Louisiana's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the City's financial statements, which begin on page 15.

FINANCIAL-HIGHLIGHTS

- The City's net position remained virtually unchanged as a result of this year's operations. The net position of both our governmental and business-type activities decreased by less than 1 percent.
- During the year, the City had expenses that were \$2.6 million more than the \$11.4 million generated in tax and other revenues for governmental programs. This compares to last year, however, when expenses exceeded revenues by \$3 million.
- In the City's business-type activities, revenues increased by \$1.3 million (or 6.99%) while expenses also increased slightly by \$.4 million (or 2.31%).
- The total cost of all of the City's programs increased by \$1.3 million with no new programs added this year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15-16) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 17. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 15. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Michael Fluhr City Clerk - Treasurer

Fayrine A. Kennon-Gilbert Councilwoman - District B

George W. Rolfe, Jr.
Public Works Director

Magaline Quarles
Councilwoman - District C

Charles Minifield City Attorney

Mike Toland Councilman - District D Wayne Edwards Councilman - District A

Benny Gray
Councilman - District E

These two statements report the City's net position and changes in them. You can think of the City's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities Most of the City's basic services are reported here, including the police, fire, public works, parks and recreation, sanitation and health, highway and streets, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities The City charges a fee to customers to help it cover all or most
 of the cost of certain services it provides. The City's water, sewer, and electrical systems
 are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 17. The fund financial statements begin on page 17 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes (like street improvements) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like sales taxes restricted for specific use). The City's two kinds of funds—governmental and proprietary use different accounting approaches.

- Governmental funds Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the City's fund balances by law, creditors, City council, and the City's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.
- Proprietary funds When the City charges customers for the services it provides –
 whether to outside customers or to other units of the City these services are generally
 reported in proprietary funds. Proprietary funds are reported in the same way that all
 activities are reported in the Statement of Net Position and the Statement of Activities.

In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as Trustee

The City is the trustee, or fiduciary, for the Police Bond Fund and the Pension Benefit Trust Fund. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 25. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

THE CITY AS A WHOLE

The City's *combined* net position was virtually unchanged from a year ago – decreasing by \$.3 million from \$55.5 million to \$55.2 million. In contrast, last year net position decreased by \$1.6 million. Looking at net position and net expenses of governmental and business-type activities separately, however, provides more detail. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

(Table 1) Net Position

na (1

				Tota	1		
	Govern	mental	Busin	ess-type	Primary		
	Activ	<u>rities</u>	<u>Act</u>	<u>ivities</u>	Government		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Current and other assets	\$ 7,139,157	\$ 7,465,186	\$ 13,406,383	\$ 13,872,377	\$ 20,545,540	\$ 21,337,563	
Capital assets	22.394.764	21,335,763	21,711,481	21,970,156	44,106,245	43,305,919	
Total assets	29,533,921	28,800,949	<u>35,117,864</u>	35,842,533	64,651,785	64,643,482	
Deferred outflows	115,122	131,568			115,122	<u>131,568</u>	
Other liabilities	630,093	359,074	2,105,201	2,813,813	2,735,294	3,172,887	
Long-term liabilities	<u>5,522,891</u>	5,040,031	1,315,781	<u>1,066,109</u>	<u>6,838,672</u>	6,106,140	
Total liabilities	6,152,984	<u>5,399,105</u>	3,420,982	3,879,922	<u>9,573,966</u>	9,279,027	
Net position:							
Invested in capital assets,							
net of related debt	19,863,462	18,528,101	21,711,481	21,970,156	41,574,943	40,498,257	
Restricted	2,916,324	2,731,372	2,954	3,270	2,919,278	2,734,642	
Unrestricted	716,273	2,273,939	9,982,447	9,989,185	10,698,720	12,263,124	
Total net position	\$ <u>23,496,059</u>	\$ <u>23,533,412</u>	\$ <u>31,696,882</u>	\$ <u>31,962,611</u>	\$ <u>55,192,941</u>	\$ <u>55,496,023</u>	

The largest portion of the City of Minden's net position totaling approximately \$41.6 million (75%) reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Minden uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Minden's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 2
Changes in Net Position

	Gove	Governmental		ss-type	Primary		
		<u>tivities</u>		<u>vities</u>	<u>Gover</u>		
Revenues	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Program revenues:							
Charges for services	\$ 1,564,687		\$ 19,359,872	\$ 18,493,968	\$ 20,924,559		
Operating grants/contribution		391,337	-	-	428,284	391,337	
Capital grants/contributions	2,001,729	378,028	700,574	187,942	2,702,303	565,970	
General revenues							
Property taxes	433,820	416,236	_	-	433,820	416,236	
Sales taxes	5,786,355	6,153,036	-	-	5,786,355	6,153,036	
Franchise taxes	343,589	346,516		-	343,589	346,516	
Occupational licenses	573,293	543,976	-	-	573,293	543,976	
Other general revenues	218,589	235 <u>,524</u>	366,054	409,681	<u>584,643</u>	<u>645,205</u>	
Total revenues	11,350,346	10,032,355	20,426,500	<u>19,091,591</u>	31,776,846	29,123,946	
Program expenses							
General government	3,490,810	3,414,289		-	3,490,810	3,414,289	
Public safety	4,942,375	4,654,567	_	-	4,942,375	4,654,567	
Highway and streets	1,853,238	1,159,427	-	-	1,853,238	1,159,427	
Sanitation and health	943,568	971,755	-	_	943,568	971,755	
Parks and recreation	2,164,634	2,259,844	-	-	2,164,634	2,259,844	
Public works	492,622	494,278	.	-	492,622	494,278	
Interest on long-term debt	83,761	89,236	-	-	83,761	89,236	
Water	-	_	1,771,978	1,744,733	1,771,978	1,744,733	
Sewer	_	-	1,427,314	1,548,328	1,427,314	1,548,328	
Electric	-	_	13,569,257	12,986,967	13,569,257	12,986,967	
Other			1,340,371	1,420,031	1,340,371	1,420,031	
Total expenses	13,971,008	13,043,396	18,108,920	17,700,059	32,079,928	30,743,455	
Excess (deficiency) before							
transfers	(2,620,662)	(3,011,041)	2,317,580	1,391,532	(303,082)	(1,619,509)	
Transfers	2,583,309	2,910,778	(2,583,309)	(2,910,778)	<u>.</u>		
Change in net position	(37,353)	(100,263)	(265,729)	(1,519,246)	(303,082)	(1,619,509)	
Net position, beginning of ye	ear 23,533,412	23,633,675	31,962,611	33,481,857	55,496,023	57,115,532	
Net position, end of year	\$ 23,496,059	\$ <u>23,533,412</u>	\$ <u>31,696,882</u>	\$ 31,962,611	\$ <u>55,192,941</u>	\$ <u>55,496,023</u>	

Governmental Activities – Net Position

For the current year, the net position of the City's governmental activities decreased slightly by \$37,353. Expenses of the governmental activities exceeded the revenues generated by taxes and other program revenues by \$2.6 million. This deficit was covered with transfers of money from the surplus of City's utility fund.

The restricted net position of the governmental activities represents the portion of net position that is not available to finance the day-to-day operations. The use of restricted assets is subject to constraints established by a voter-approved city ordinance. Restricted net position increased by \$184,952 to a total of \$2.9 million, which is available to finance specific funding for sewer and recreational activities.

Business-type Activities – Net Position

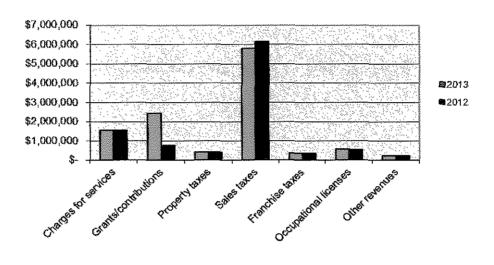
The unrestricted net position of the City's business type activities decreased by .82% or

approximately \$266,000. Revenues exceeded expenses for business-type activities by \$2.3 million. This surplus was used to fund the deficit occurring in the governmental activities.

The City's total revenues increased compared to last year's by \$2.7 million. The total cost of all programs and services increased by \$1.3 million. Our analysis that follows separately considers the operations of governmental and business-type activities.

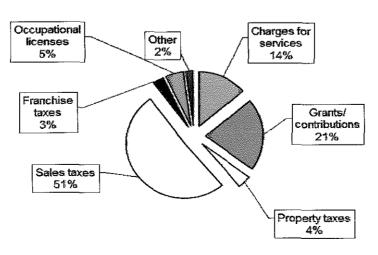
Governmental Activities

Comparison of current year and prior year governmental activity revenues

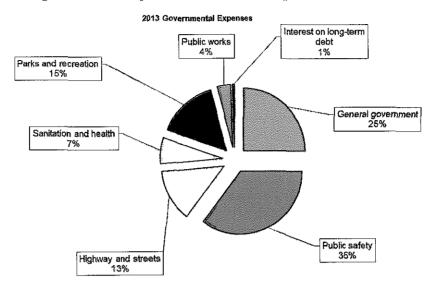


The total revenues for governmental activities increased \$1.3 million for this fiscal year. This overall increase is largely attributed to the federal and state grants received to fund airport improvement projects. The City's governmental activities rely heavily on sales tax. Sales taxes account for \$5.8 million out of the City's \$11.4 million governmental revenues. The following chart displays the various types of governmental revenues and their respective percentage of total governmental revenues received as of September 30, 2013:

2013 Governmental Revenues



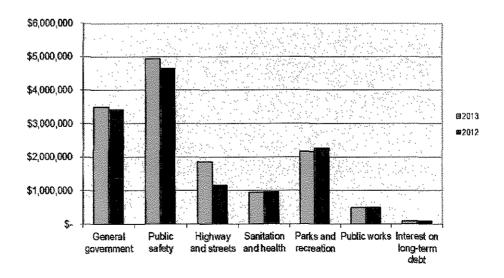
The following chart displays the various types of governmental expenses and their respective percentage of total governmental expenses received as of September 30, 2013:



The City's largest program expenses during the current year were public safety and general government, which are 35% and 25% of the total governmental type program expense in the current year, respectively.

The chart below compares program expenses of the current year to the prior year. This past year, the City was faced with increases in the costs of providing health insurance and benefits to its employees, as well as funding the increasing cost of retirement systems. This year the expenses of the highway and streets program increased over last year from the undertaking of street improvements during the year. Total cost of the street improvements was approximately \$655,000. No major street improvements were undertaken in the prior year.

GOVERNMENTAL ACTIVITIES - PROGRAM EXPENSES



Business-type activities

Total revenues received from charges for services increased by 4.7% over prior year's revenues.

The cost of business-type activities increased by approximately \$409,000 or 2.3% of last year's cost. The largest cost in business-type activities comes from the cost of operating the electric department, whose cost is 75% of the total business-type activity costs. The cost of operating the electric system increased 4.48% over last year's cost. The increases in costs come from the costs of providing insurance and retirement benefits for City employees, as well as increased cost of purchased power for the electrical system.

The City transferred funds from the business-type activities to the governmental activities to assist in the day-to-day cost of governmental activity operations. The City transferred approximately \$2.6 million to the governmental activities during the fiscal year.

THE CITY'S FUNDS

Governmental funds – The focus of the City of Minden's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the City of Minden's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

As the City completed the year, its governmental funds (as presented in the balance sheet on page 17) reported a combined fund balance of \$6,161,752, a decrease of \$631,325 in comparison with the prior fiscal year. As stated earlier, the City incurred additional costs for providing health insurance and retirement to its employees. This past year, the City provided major street improvements which attributed to the use of approximately \$655,000 of its resources.

Proprietary funds – The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

While the Sewer Plant Sales Tax Fund transferred approximately \$857,000 to the utility fund, whose resources are restricted to assist funding the costs of sewerage activities. A total of \$3,300,000 was transferred from the utility fund to the general fund to assist funding of the City's general fund activities, which includes operating the administrative, civic center, city court, building inspector, and main street programs. The amount transferred to the general fund decreased by approximately \$600,000 as compared to the prior year. The utility fund also covered approximately \$150,000 of the costs of the street improvements.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the City Council amended the general fund budget one time on September 3, 2013.

The amendment to the General Fund budget was made to reflect a \$1 million reduction in original budgeted airport grant revenues and reflect the increase of \$140,000 in property tax and franchise fee revenues, which corresponding increase in cost of operating main street, streets, and parks programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of September 30, 2013, the City had \$44,106,245 invested in capital assets including police and fire equipment, buildings, park facilities, water, sewer and electrics lines. This amount represents an increase of approximately \$800,000 in investments in capital assets.

City of Minden's Capital Assets at Year-end (Net of Depreciation)

	Governn	nental	Busines	s-type			
	<u>Activi</u>	<u>ties</u>	<u>Activ</u>	<u>ities</u>	<u>Totals</u>		
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	
Land	\$ 1,906,300	\$ 1,906,300	\$ 332,065	\$ 332,065	\$ 2,238,365	\$ 2,238,365	
Construction in progress	319,799	850,578	11,513	266,506	331,312	1,117,084	
Building and improvements	10,690,566	10,984,748	5,819,559	6,192,160	16,510,125	17,176,908	
Land improvements other than building	gs 5,550,538	3,172,035	13,760,248	13,249,513	19,310,786	16,421,548	
Equipment	1,425,347	1,798,115	1,788,096	1,929,912	3,213,443	3,728,027	
Infrastructure	2,502,214	2,623,987	<u> </u>		2,502,214	2,623,987	
Totals	\$ <u>22,394,764</u>	\$ <u>21,335,763</u>	\$ <u>21,711,481</u>	\$ <u>21,970,156</u>	\$ <u>44,106,245</u>	\$ <u>43,305,919</u>	

Major construction projects undertaken by the City include the following:

	Costs incurred during 09/30/2013	Completed cost of project	Total donation/grant <u>award</u>
Airport Phase II – Apron &			
connecting taxiway	\$ 1,865,746	\$2,349,929	\$1,977,500*
Airport Obstruction Removal	12,300	191,294	\$ 200,000*
Airport Parallel Taxiway	99,150	Not completed	\$ 290,500*
Sewer improvements	591,273	846,266	\$ 800,000*
Water Main Rehab – Monroe/Young	101,443	Not completed	
Sewer Main Rehab – Lee/Shephard	44,306	Not completed	
Sewer Main Rehab – Woodard/Lanning	<u>141,239</u>	Not completed	
-	\$ <u>2,855,457</u>	\$ <u>3,387,489</u>	

^{*} The City was awarded federal and state grants to reimburse all or a portion of the cost of the projects as expenses are incurred.

Only bridges owned by the City are capitalized as infrastructure. The City has elected to report its system of streets under the modified approach. Neither their historical cost nor related depreciation has been reported in the financial statements. There were no significant changes in the assessed condition of infrastructure assets eligible under the modified approach. The current assessed condition of roads is comparative with the condition level the City has established.

Debt

At year-end, the City had \$2,515,000 in debt as compared to \$2,790,000 last year.

	= -	Governmental Activities		Busines Activ	- 1		Totals		
	<u>2013</u>	<u>2012</u>	<u>20</u>	13	<u>20</u>	12	<u>2013</u>	<u>2012</u>	
General obligation bonds (backed by taxes & City)	\$ 2,515,000	\$ 2,790,000	\$	_	\$	_	\$ 2,515,000	\$ 2,790,000	

More detailed information about the City's long-term liabilities is presented in Note 12 to the financial statements.

COMPONENT UNITS

The City has chosen not to include the following component units in the basic financial statements: City Court of Minden and Minden Ward Marshal. Separate financial statements for each of these component units can be obtained by contacting the component unit.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The financial plan for the fiscal year 2013/2014 is designed to maintain the City's current, stable financial condition without diluting reserves. Revenue figures (sales tax, water and electricity sales) are based on last year's statistics and indicate a very cautious and conservative projection. A planned sewer rate increase will help to stabilize revenue deficiencies as a result of a still sluggish economy. Requested expenses for the day-to-day operation have been reduced by almost 11% (sequestration). Revenues and expenses include 4.37 million dollars in federal and state grants. As in previous years, the operating budget is dominated by personnel related expenses such as contributions to the retirement system and a self-funded health insurance as well as expenses for public safety (police and fire).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City Clerk's office at 520 Broadway, Minden, Louisiana.



CITY OF MINDEN, LOUISIANA Statement of Net Position September 30, 2013

	Primary Government						
	Governmental Business-Type						
		<u>Activities</u>		<u>Activities</u>		<u>Total</u>	
ASSETS							
Cash and cash equivalents	\$	3,993,431	\$	3,176,915	\$	7,170,346	
Investments		2,125,027		4,676,361		6,801,388	
Receivables (net of allowances for uncollectibles)		881,764		3,863,557		4,745,321	
Due from other funds		10,551		71,157		81,708	
Inventory		66,110		942,596		1,008,706	
Prepaid Items		62,274		61,366		123,640	
Restricted assets - noncurrent:							
Cash and cash equivalents		-		610,000		610,000	
Investments		_		4,431		4,431	
Capital assets:							
Land and construction in progress		2,226,099		343,578		2,569,677	
Depreciable capital assets, net of depreciation		20,168,665		21,367,903		41,536,568	
Total assets	_	29,533,921		35,117,864		64,651,785	
DEPENDED OF THE OWA OF DESCRIPTION							
DEFERRED OUTFLOWS OF RESOURCES		115 122				115,122	
Deferred charge on refunding	_	115,122		_	_	113,122	
LIABILITIES							
Accounts payable and other accrued liabilities		542,634		1,493,724		2,036,358	
Accrued interest payable		16,302		-		16,302	
Due to other funds		71,157		-		71,157	
Deposits payable		-		611,477		611,477	
Noncurrent liabilities:							
Due within one year		305,938		14,266		320,204	
Due in more than one year		5,216,953		1,301,515		6,518,468	
Total liabilities		6,152,984	_	3,420,982		9,573,966	
NET POSITION							
		19,863,462		21,711,481		41,574,943	
Invested in capital assets, net of related debt Restricted for:		19,003,402		21,711,701		71,577,575	
Sewerage, recreational facilities, and related		2 990 706				2 880 706	
debt service		2,889,796		-		2,889,796 26,528	
Drug enforcement activities		26,528		2.054			
Utility meter deposits		716 072		2,954		2,954	
Unrestricted	_	716,273	_	9,982,447		10,698,720	
Total net position	<u>\$</u>	23,496,059	<u>\$</u>	31,696,882	\$	55,192,941	

CITY OF MINDEN, LOUISIANA Statement of Activities For the Year Ended September 30, 2013

		Program Revenues					Net (Expenses) Revenues and		
		CI D	Operating	0 110	Net		ges of Primary Go	vernment	
	T	Charges for Services	Grants and Contributions	Capital Grants & Contributions	(Expenses)/	Governmental Activities	Business-type Activities	Total	
Governmental activities	Expenses	Services	Contributions	Contributions	Revenue	Activities	Activities	I otal	
- 	\$ (3,490,810)	\$ 166,137	\$ 63,614	\$ -	\$ (3,261,059)	\$ (3,261,059)	ø	\$ (3,261,059)	
General government Public safety	(4,942,375)	125,714	349,330	ф <u>-</u>	(4,467,331)	(4,467,331)	-	(4,467,331)	
Highway and streets	(1,853,238)	123,714	15,340	16,000	(1,821,898)	(1,821,898)	-	(1,821,898)	
Sanitation and health	(943,568)	839,875	15,540	10,000	(1,821,898)	(1,021,090)	-	(103,693)	
Parks and recreation	(2,164,634)	148,235	-	-	(2,016,399)	(2,016,399)	_	(2,016,399)	
Public works			-	1,985,729		1,777,833	-	1,777,833	
	(492,622)	284,726	-	1,965,129	1,777,833 (83,761)	(83,761)	-	(83,761)	
Interest on long-term debt	(83,761)	1.564.605	120,001	2.001.700					
Total governmental activities	(13,971,008)	1,564,687	428,284	2,001,729	(9,976,308)	(9,976,308)	<u>-</u>	(9,976,308)	
Business-type activities									
Water	(1,771,978)	1,867,912	-	56,184	152,118		152,118	152,118	
Sewer	(1,427,314)	532,788	-	644,390	(250,136)	-	(250,136)	(250,136)	
Electric	(13,569,257)	16,959,172	-	-	3,389,915	-	3,389,915	3,389,915	
Other	(1,340,371)			-	(1,340,371)		(1,340,371)	(1,340,371)	
Total business-type activities	(18,108,920)	19,359,872		700,574	1,951,526		1,951,526	1,951,526	
Total primary government	\$ (32,079,928)	\$ 20,924,559	\$ 428,284	\$ 2,702,303	\$ (8,024,782)	\$ (9,976,308)	\$ 1,951,526	\$ (8,024,782)	
	General revenues	::							
	Property taxes 1	evied for general	purposes			433,820	~	433,820	
	Sales taxes					5,786,355	•	5,786,355	
	Franchise taxes					343,589	•	343,589	
	Occupational lie	censes				573,293	-	573,293	
		ributions not res	tricted to specifi	c programs		6,793	29,448	36,241	
	Investment earn	ings	-	· -		20,226	25,889	46,115	
	Other general re					191,570	310,717	502,287	
	Other financing s								
	Transfers	, ,				2,583,309	(2,583,309)		
	Total general re	venues, other fin	ancing sources a	and transfers		9,938,955	(2,217,255)	7,721,700	
	Change in net	position				(37,353)	(265,729)	(303,082)	
	Net position-begi	nning				23,533,412	31,962,611	55,496,023	
	Net position-end	ing				\$ 23,496,059	\$ 31,696,882	\$ 55,192,941	

CITY OF MINDEN, LOUISIANA Balance Sheet Governmental Funds September 30, 2013

	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 485,134	\$ 1,127,239	\$ 2,087,716	\$ 293,342	\$ 3,993,431
Investments	614,944	950,323	_	559,760	2,125,027
Receivables (net of allowances for					
uncollectibles)	43,583	240,284	240,284	2,036	526,187
Due from other funds	10,551	-	-	-	10,551
Due from other governments	54,237	_	_	_	54,237
Inventory	66,110				66,110
Total assets	\$ 1,274,559	<u>\$ 2,317,846</u>	\$ 2,328,000	<u>\$ 855,138</u>	\$ 6,775,543
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, salaries, and other payables	\$ 542,634	\$ -	\$ -	\$ -	\$ 542,634
Due to other funds	71,157		_	-	71,157
Total liabilities	613,791	~			613,791
Fund balances:					
Nonspendable	66,110	-	-	-	66,110
Restricted	-	-	2,328,000	846,896	3,174,896
Assigned	_	2,317,846	-	8,242	2,326,088
Unassigned	594,658				_ 594,658
Total fund balances	660,768	2,317,846	2,328,000	855,138	6,161,752
Total liabilities and fund balances	<u>\$ 1,274,559</u>	\$ 2,317,846	\$ 2,328,000	\$ 855,138	\$ 6,775,543

CITY OF MINDEN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Position

September 30, 2013

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)		\$ 6,161,752
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		22,394,764
Other assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds Accounts receivable Prepaid assets	\$ 301,340 <u>62,274</u>	363,614
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds: Accrued interest payable Compensated absences Bonds, notes, and loans payable less: deferred charge on refunding OPEB obligation	\$ (16,302) (299,913) (2,515,000) 115,122 (2,707,978)	(5,424,071)
Net Position of Governmental Activities (Statement A)		\$ 23,496,059

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenditures and and Changes in Fund Balances Governmental Funds

For the Year Ended September 30, 2013

REVENUES	General Fund	Sales Tax Fund	Sales Tax - Sewerage Fund	Other Governmental Funds	Total Governmental Funds	
Taxes:						
Ad valorem	\$ 435,216	\$ -	\$ -	\$ -	\$ 435,216	
Sales and use	_	2,893,178	2,893,178		5,786,356	
Licenses and permits	570,653	-	~	=	570,653	
Fees and rentals	710,016	-	-	-	710,016	
Charges for services	1,103,395	-	-	-	1,103,395	
Intergovernmental revenues:						
Federal grants	1,577,313	-	-	-	1,577,313	
State/Parish	840,666	-	-	-	840,666	
Other	37,287	-	_	-	37,287	
Fines and forfeitures	104,753	~	-	7,556	112,309	
Investment earnings	5,311	6,352	2,972	5,343	19,978	
Other revenues	137,900			417	138,317	
Total revenues	5,522,510	2,899,530	2,896,150	13,316	11,331,506	
EXPENDITURES						
General government	2,848,664	56,019	55,221	654,698	3,614,602	
Public safety	4,474,075	-	=	11,288	4,485,363	
Highways and streets	1,026,435	-	-	-	1,026,435	
Sanitation and health	931,386	-	-	-	931,386	
Parks and recreation	1,770,524	-	-	-	1,770,524	
Public works	2,374,155	-	-	-	2,374,155	
Debt service		_	•	343,675	343,675	
Total expenditures	13,425,239	56,019	55,221	1,009,661	14,546,140	
Excess (deficiency) of revenues						
over (under) expenditures	(7,902,729)	2,843,511	2,840,929	(996,345)	(3,214,634)	
OTHER FINANCING SOURCES (US					= 000 = 1	
Transfers in	7,394,043	-	-	499,091	7,893,134	
Transfers out	-	(2,653,900)	(2,655,925)		(5,309,825)	
Total other financing sources (uses)	7,394,043	(2,653,900)	(2,655,925)	499,091	2,583,309	
Net change in fund balance	(508,686)	189,611	185,004	(497,254)	(631,325)	
Fund balances - beginning	1,169,454	2,128,235	2,142,996	1,352,392	6,793,077	
Fund balances - ending	\$ 660,768	\$ 2,317,846	\$ 2,328,000	\$ 855,138	\$ 6,161,752	

\$ (37,353)

CITY OF MINDEN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended September 30, 2013

	Amounts reported for governmental	activities in the Statement of	f Activities are different because:
--	-----------------------------------	--------------------------------	-------------------------------------

Net Change in Fund Balances, Total Governmental Funds, Statement	E		\$ (631,325)
Governmental funds report capital outlays as expenditures. However statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amou	estima	ited	
capital outlay was more than depreciation expense in the current p	eriod.		1,070,882
Revenue in the statement of activities that do not provide current researe not reported as revenues in the funds	ources		12,012
The issuance of long-term debt (bonds, leases, etc.) provides current resources to governmental funds, while the repayment of the princip long-term debt consumes the current financial resources of governmentals. Neither transaction, however, has any effect on net position governmental funds report the effect of premiums, discounts, and si items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effet these differences in the treatment of long-term debt and related items.	pal of nental Also, milar ct of		275,000
Expenses reported in the statement of activities do not require the us current financial resources and, therefore, are not reported as expensing governmental funds:		3	
Prepaid assets	\$	9,023	
Accrued interest on long-term debt		(15,086)	
Compensated absences		(49,982)	
Net other post employment benefit obligation		(707,877)	(763,922)

The accompanying notes are an integral part of this statement.

Change in Net Position of Governmental Activities, Statement B

CITY OF MINDEN, LOUISIANA Statement of Net Assets, Proprietary Funds September 30, 2013

September 30, 2013	Business Type Activities - <u>Enterprise Funds</u> LCDBG - Sewer Utility Improvement		
	Fund	Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,176,851	\$ 64	\$ 3,176,915
Investments	4,676,361	-	4,676,361
Accounts receivable, net of allowance	3,801,623	-	3,801,623
Other receivable	2,895	_	2,895
Due from other funds	71,157	-	71,157
Due from other governments	59,039	-	59,039
Inventory	942,596	-	942,596
Prepaid items	61,366		61,366
Total current assets	12,791,888	64	12,791,952
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing bank deposits	610,000	-	610,000
Investment	4,431	-	4,431
Capital assets (net of accumulated depreciation)	21,711,481		21,711,481
Total noncurrent assets	22,325,912		22,325,912
Total assets	\$ 35,117,800	\$ 64	\$ 35,117,864
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,493,724	\$ -	\$ 1,493,724
Compensated absences	14,266		14,266
Total current liabilities	1,507,990		1,507,990
Current liabilities payable from restricted assets	611,477	-	611,477
Noncurrent liabilities:			
Compensated absences payable	192,547	-	192,547
Net OPEB obligation	1,108,968		1,108,968
Total noncurrent liabilities	1,301,515		1,301,515
Total liabilities	3,420,982	<u>-</u>	3,420,982
NET POSITION			
Invested in capital assets	21,711,481	-	21,711,481
Restricted for meter deposits	2,954	-	2,954
Unrestricted	<u>9,982,383</u>	64	9,982,447
Total net position	\$ 31,696,818	\$ 64	\$ 31,696,882

CITY OF MINDEN, LOUISIANA

Statement of Revenues, Expenses and Changes in Net Assets Proprietary Funds

For the Year Ended September 30, 2013

Business Type Activities - Enterprise Funds

		LCDBG -	
		Sewer	
	Utility	Improvement	
	Fund	Fund	Total
Operating revenues:			
Charges for services			
Electric	\$ 16,959,172	\$ -	\$ 16,959,172
Water	1,867,912	-	1,867,912
Sewerage	532,788	-	532,788
Penalties/service charges	254,073	-	254,073
Other charges for services	86,092		86,092
Total operating revenues	19,700,037		19,700,037
Operating expenses:			
Purchase of power	10,723,257	-	10,723,257
Personal services	2,494,962	-	2,494,962
Materials and supplies	274,340	-	274,340
Insurance claims and expenses	1,325,509	-	1,325,509
Repairs and maintenance	952,942	-	952,942
Other services and charges	813,945	-	813,945
Bad debt expenses	175,374	-	175,374
Depreciation	1,341,165	-	1,341,165
Total operating expenses	18,101,494		18,101,494
Operating income (loss)	1,598,543	-	1,598,543
Nonoperating revenues (expenses):			
Interest income	25,889	-	25,889
Management fees	(7,425)	-	(7,425)
Grant revenues	128,106	572,467	700,573
Total nonoperating revenues and expenses	146,570	572,467	719,037
Income before contributions and transfers	1,745,113	572,467	2,317,580
Transfers in	1,589,849	_	1,589,849
Transfers out	(3,440,731)	(732,427)	(4,173,158)
Change in net position	(105,769)	(159,960)	(265,729)
Net position - beginning	31,802,587	160,024	31,962,611
Net position - end of year	\$ 31,696,818	\$ 64	\$ 31,696,882

CITY OF MINDEN, LOUISIANA Statements of Cash Flows Proprietary Funds Years Ended September 30, 2013

Enterprise Funds LCDBG -Sewer Utility Improvement Fund Fund Total Cash flows from operating activities: \$ 18,317,024 \$ \$ 18,317,024 Cash received from customers 86,092 86,092 Other operating cash receipts Cash payments for supplies and services (13,641,622)(13,641,622)(2,236,504)Cash payments to employees for service (2,236,504)Other operating cash payments (794,392)(794,392)1.730.598 Net cash provided by operating activities 1,730,598 Cash flows from noncapital financing activities: (2,580,096)(2,580,096)Transfer to/from other funds 10,430 Net increase in meter deposits 10,430 (2,569,666)Net cash provided (used) for noncapital financing activities (2,569,666)Cash flows from capital and related financing activities: Acquisition and construction of capital assets (513,185)(702,476)(1,215,661)703,283 Capital grants 61,387 641,896 Net cash provided (used) for capital and related (451,798)(60,580)financing activities (512,378)Cash flows from investing activities: 2,266 Interest on interest-bearing deposits 2,266 Net cash provided for investing activities 2,266 2,266 Net increase (decrease) in cash and cash equivalents (1,288,600)(60,580)(1,349,180)Cash and cash equivalents at beginning of year 5,075,451 60,644 5,136,095 Cash and cash equivalents at end of year 3,786,851 \$ 64 3,786,915

Business Type Activities -

	Business Type Activities - <u>Enterprise Funds</u> LCDBG - Sewer			
	Utility Fund	Improvement Fund		Total
				
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 1,598,543	\$	-	\$ 1,598,543
Adjustments to reconcile operating income to net cash				
provided by operating activities:				
Depreciation	1,341,165		-	1,341,165
Bad debt	175,374		-	175,374
Changes in assets and liabilities -				
Decrease (increase) in accounts receivable	(1,037,672)		••	(1,037,672)
Decrease (increase) in accounts receivable - other	1,102		_	1,102
Decrease (increase) in inventory	10,149		-	10,149
Decrease (increase) prepaids	(3,073)			(3,073)
Increase (decrease) in accounts payable	(576,185)		-	(576,185)
Increase (decrease) in interfund payable	(18,790)			(18,790)
Increase (decrease) in accrued compensated absences	(8,283)		-	(8,283)
Increase (decrease) unearned revenues	(9,687)			(9,687)
Increase (decrease) in net OPEB obligation	257,955			257,955
Net cash provided (used) by operating activities	<u>\$ 1,730,598</u>	\$	-	\$ 1,730,598

CITY OF MINDEN, LOUISIANA Statement of Fiduciary Net Position September 30, 2013

A CICTOTO	Pension Trust Funds (3/31/13)		Agency Fund - Police Bond Fund	
ASSETS				
Cash	\$	48,769	\$	23,659
Receivables:				
A/R - net of allowance		_		8,614
Insurance company receivable		86,665		-
Refunds receivable		312		_
Total assets	\$	135,746	\$	32,273
LIABILITIES				
Claims payable	\$	74,399	\$	_
Claims incurred but not reported		325,900		==
Due to the general fund		_		10,551
Due to other governmental units		-		21,722
Total liabilities		400,299		32,273
(Deficit) of net position available for benefits over benefit obligations	\$	(264,553)	\$	_

CITY OF MINDEN, LOUISIANA Statement of Changes in Fiduciary Net Position Pension Trust Funds March 31, 2013

NET INCREASE (DECREASE) IN BENEFIT OBLIGATIONS		
Increase (decrease) during the year attributable to:		
Claims payable	\$	(213,757)
Claims incurred but not reported		(139,434)
NET (DECREASE) IN BENEFIT OBLIGATIONS		(353,191)
NET INCREASE IN NET POSITION AVAILABLE FOR BENEFITS		
Additions to plan assets attributable to:		
Sponsor contributions		2,642,792
Participant contributions		506,967
Retiree contributions		163,358
Insurance company reimbursements		367,614
Interest income	•••	88
TOTAL ADDITIONS		3,680,819
Deductions from plan assets attributable to:		
Benefits paid to participants		3,315,988
Payments for insurance premiums		477,060
Administrative expenses		56,307
TOTAL DEDUCTIONS		3,849,355
NET INCREASE IN NET POSITION AVAILABLE FOR BENEFITS		(168,536)
INCREASE IN EXCESS OF NET POSITION AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS		184,655
(DEFICIT) OF NET POSITION AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS		
BEGINNING OF YEAR	<u></u>	(449,208)
END OF YEAR	<u>\$</u>	(264,553)

CITY OF MINDEN, LOUISIANA Notes to the Financial Statements As of and for the Year Ended September 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Minden, Louisiana (the City) was incorporated in 1928, under the provisions of Act No. 226 of the 1928 Special Acts of Louisiana Legislature. The City is located in the Parish of Webster in the northwest corner of the State of Louisiana. Elected officials of the City of Minden are a mayor, five (5) aldermen, and a chief of police, all of whom serve four-year terms. The affairs of the City are conducted and managed by the mayor and board of aldermen, referred to as "The Council." The City provides a full range of municipal services as authorized by its charter. These include public safety (police and fire), street, water, electric, sewerage, sanitation and health, zoning and general administrative services.

The City is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* establishes criteria for determining the governmental reporting entity and component units that should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

- 1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
- 2. Organizations that are fiscally dependent on the City and there is a potential for the organization to provide specific financial benefits or to impose specific financial burdens on the City.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the aforementioned criteria, the City has determined that the following component units are part of the reporting entity:

	Method of	Fiscal	Criteria
Component Unit	inclusion	Year End	<u>Used</u>
Not included within the reporting entity:			
City Court of Minden		December 31	2 and 3
Minden Ward Marshal		December 31	2 and 3

The City has chosen not to include the component units listed above in the basic financial statements. Separate

CITY OF MINDEN, LOUISIANA Notes to the Financial Statements

As of and for the Year Ended September 30, 2013

financial statements for each of these component units can be obtained by contacting the component unit.

It was determined that the Minden Historic Downtown Development District Commission is not a component unit of the City because they do not have separate corporate powers that would distinguish it as being legally separate from the primary government, primarily due to the fact that the Commission does not have the right to buy, sell, lease and mortgage property in its own name. Furthermore, it was determined that the City holds the Commission's corporate powers. The Commission is reported within the City's General Fund.

GASB Statement No. 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (City) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units except for the inclusion of the component units as discussed above.

Other related organizations

The Minden Housing Authority - The Authority provides housing to certain qualified residents and is funded by the U.S. Government grants and rental charges. The City is not responsible for financing deficits nor entitled to surpluses. The City does not significantly influence operational or fiscal matters of the Authority. The Minden Housing Authority is fiscally independent and there is no financial benefit or burden relationship with the City. Therefore, it is not included in the City's financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

<u>Program revenues</u> Program revenues included in the Statement of Activities include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a

CITY OF MINDEN, LOUISIANA Notes to the Financial Statements As of and for the Year Ended September 30, 2013

particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Allocation of indirect expenses The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Revenues

- Ad valorem taxes (property) are recorded in the year they are assessed. Property taxes are assessed on a calendar-year basis and become due on the date November 15 or each year and become delinquent on December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.
- Sales taxes are recognized when received by the City's collections agent, the Webster Parish Sales & Use Tax Commission.
- Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end.)
- Interest income on investments is recorded when earned and the income is available.
- Substantially all other revenue items are recorded when they are considered to be measurable and available to the City.

CITY OF MINDEN, LOUISIANA Notes to the Financial Statements

As of and for the Year Ended September 30, 2013

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term obligations, which are recognized when due.

Other Financing Sources (Uses)

Sales of fixed assets, increases in capital lease purchases, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are from charges for electrical, water and sewerage services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Funds

The accounts of the City are organized and operated on the basis of funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The governmental funds are divided into separate "fund types." Governmental funds are used to account for government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources, of the general government, except those required to be accounted for in another fund.

The Sales Tax Fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective August 1, 1967.

The Sales Tax Fund – Sewerage System Fund accounts for the receipt and use of the municipality's one percent (1%) sales and use tax under the provisions of the sales and use tax ordinance effective December 1, 1984. By special election held April 15, 2000, the City rededicated and renewed the levy of this one percent (1%) sales and use tax.

The municipality reports the following major proprietary funds:

The Utility Fund is used to account for electric, water and sewer service operations that are financed and operated in

CITY OF MINDEN, LOUISIANA

Notes to the Financial Statements

As of and for the Year Ended September 30, 2013

a manner similar to private business enterprise. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The LCDBG – Sewer Improvement Fund is used to account for Louisiana Community Development Block Grant proceeds to be used for sewer improvements.

Additionally, the government reports the following fund types:

Agency Fund is used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Pension (and other employee benefit) Trust Fund is used to report resources and activities when the City is acting as a trustee for individuals. The Pension Trust Fund is used to account for medical, dental, vision, life and accidental death benefits covering substantially all employees.

D. Deposits and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits, those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statements of cash flows, cash and cash equivalents include cash, demand deposits, and certificates of deposit. Cash and cash equivalents are stated at cost.

Louisiana Revised Statutes and the City's investment policy govern the types of allowable securities to be purchased by the municipality. The City of Minden is authorized to invest in the following types of investments:

- 1) Direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
- 2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the U.S.
- 3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored
- 4) Collateralized mortgage obligations, which have not been stripped into interest only or principal only obligations
- 5) Time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their

CITY OF MINDEN, LOUISIANA Notes to the Financial Statements As of and for the Year Ended September 30, 2013

principal offices in the state of Louisiana

These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

E. Receivables and Payables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, ad valorem taxes, franchise taxes, police fines, and grants. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 30 days, since they would be considered both measurable and available.

F. Elimination and Reclassification

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." While theses balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included n business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's utility fund and various other functions of the

CITY OF MINDEN, LOUISIANA

Notes to the Financial Statements

As of and for the Year Ended September 30, 2013

City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

G. Inventories and Prepaid Items

Inventory items are valued using the weighted average method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in government-wide financial statements.

Inventories in each fund are generally composed of the following items:

General Fund - Gasoline

Enterprise Fund - Electric, water and sewer repair and maintenance items

H. Restricted Assets

Restricted assets include cash and investments of the Utility Fund that are legally restricted as to their use. The primary restricted assets are related to utility meter deposits.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

	Estimated
Description	Lives
Roads, bridges, and infrastructure	25-50 years
Land improvements	10-30 years
Buildings and building improvements	10-40 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	5-15 years

GASBS No. 34 required the City to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended September 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. During the fiscal year ended September 30, 2013, infrastructure being reported on includes bridges owned by the City during the current year. Of the remaining infrastructure, neither the historical cost nor related depreciation has historically been reported in the financial statements. The City has elected to report its system of streets under the modified approach.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one type of item that qualifies for reporting in this category. It is the deferred charges on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value or refunded debt and its reacquisition price. This amount is deferred and amortized over the short of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenues) until that time. The City does not have an item that qualifies for reporting in this category.

K. Compensated Absences

The City's policy regarding vacation time permits full-time employees to accumulate earned but unused vacation leave. The only provision for vested benefits is that municipal employees, with the exception of employees of the police and fire department who are covered by Civil Service requirements, may carry forward no more than the maximum accruable amount for any vacation year. All employees do not have the option of foregoing vacation and being paid in lieu thereof. The entire accrued vacation liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of this debt is the amount that is normally expected to be paid using expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City's policy regarding sick time permits full-time employees to accrue sick leave at the rate of eighty (80) hours per year, effective on the first day of full-time employment. Sick time may be carried over from year to year. Upon retirement, the employee will be reimbursed for fifty (50) percent of their accrued sick leave at their regular hourly rate of pay. Total reimbursement cannot exceed 500 hours. All sick leave hours used in the two years prior to retirement date will be deducted from the fifty (50) percent accrual prior to reimbursement. There is no provision for

Notes to the Financial Statements As of and for the Year Ended September 30, 2013

reimbursement of accrued sick leave for termination other than retirement. The liability for sick leave accrual is recorded as long-term debt in the government-wide financial statements.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as a liability in the Statement of Net Position. Long-term debt consists primarily of bonds payable, accrued compensated absences, and net OPEB obligations. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost, except any portion related to prepaid insurance costs are expensed in the period incurred.

Long-term debt in governmental funds is not reported as liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest reported as expenditures.

M. Restricted Net Position

For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exists:

- Restrictions are externally imposed by creditors (such as debt convents), grantors, contributors, or laws or regulations of other governments;
- Restrictions are imposed by law through constitutional provision or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to us restricted resources first, then unrestricted resources as they are needed.

N. Fund Equity of Fund Financial Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used. In the fund financial statements, fund balances are classified as follows:

- a. Nonspendable fund balance amounts that are not in a spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories.
- b. Restricted fund balance amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- c. Committed fund balance amounts constrained to specific purposes determined by the City itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

The City Council establishes (and modified or rescinds) fund balance commitments by passage of an ordinance or resolution.

- d. Assigned fund balance amounts that the City intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City's policy does not address assignment of fund balance.
 - Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose.
- e. Unassigned fund balance amounts that are available for any purpose, positive amounts are reported only in the General Fund. The City has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

The City reduces committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City considers restricted amounts to have been spent when an expenditure has incurred for purposes for which both restricted and unrestricted fund balance is available.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

As of and for the Year Ended September 30, 2013

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The City follows these procedures in establishing the budgetary data reflected in these financial statements:

- a) The City Clerk prepares a proposed budget and submits same to the Mayor and the Council no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- e) Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases or decreases in expenditures resulting from revenues exceeding or failing to meet amounts estimated require the approval of the Council.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts, as originally adopted, are amended from time to time by the Council.

DEFICITS The Fiduciary Fund - Pension Trust Fund had a deficit of \$264,553, in retained earnings as of March 31, 2013. The deficit was due to the excess of expenditures recognized for claims incurred as of the end of the year over actual funds transferred to the Pension Trust Fund. The deficit will be eliminated through future transfers from various funds.

3. CASH AND CASH EQUIVALENTS

At September 30, 2013, the carrying amount of the City's deposits, excluding its fiduciary fund was \$7,780,346, as follows:

Petty cash funds	\$ 2,725
Demand deposits	821,752
Interest-bearing deposits	<u>6,955,869</u>
Total	\$ <u>7,780,346</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2013, the City's bank balances, including its fiduciary funds and certificates of deposits, totaled \$11,022,192. These deposits are secured from risk by \$1,750,000 of federal deposit insurance and \$12,799,499 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

4. INVESTMENTS

The City of Minden's investments are reported at fair value, which is determined using selected bases in accordance with GASB Statement No. 31. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

As of September 30, 2013, the City's reporting entity had the following investments:

	Total				Weighted	
	Fair Value/				Average	
		Credit	Carrying	Governmental	Business-Type	Months
Types of investments	<u>%</u>	rating	Amount	<u>Activities</u>	<u>Activities</u>	to Maturity
Money market funds - LAMP	6	AAAm	\$ 456,446	\$ 120,514	\$ 335,932	
UBS Cash Fund, Inc.	0	а	2,197	-	2,197	
U.S. Government Sponsored Enterprises:						
Federal National Mortgage Association	17	Aaa	1,151,608	-	1,151,608	36.01
Federal Home Loan Mortgage Corp.	10	Aaa	652,330	201,445	450,885	36.76
Federal Home Loan Bank	6	Aaa	399,944	-	399,944	35.78
Federal Farm Credit Bank	19	Aaa	1,298,247	-	1,298,247	35.49
Louisiana Bonds	2	AA-/AAA	152,610	_	152,610	30.69
U.S. Agency Collateralized						
Mortgage Obligations	0	а	2,234	-	2,234	а
Certificates of deposit	<u>40</u>		<u>2,690,203</u>	1,803,068	887,135	
Total investments	<u>100</u>		\$ <u>6,805,819</u>	\$ <u>2,125,027</u>	\$ <u>4,680,792</u>	

a No specific maturity date available due to the nature of this type of investment. The City plans to hold remaining security until maturity. No rating provided on this investment.

The City participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

Notes to the Financial Statements As of and for the Year Ended September 30, 2013

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high qualify investments. The LAMP portfolio includes only securities and other obligations in which local government in Louisiana are authorized to invest in accordance with LA- R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, and concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- <u>Custodial credit risk</u>: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in
 pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or
 book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no
 disclosure is required.
- <u>Concentration of credit risk</u>: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

LAMP issues financial reports. These financial reports can be obtain by writing: LAMP, Inc. 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

City's Investment policies

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy does not address credit rate risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy

Notes to the Financial Statements

As of and for the Year Ended September 30, 2013

does not address interest rate risk. For information regarding the interest rate risk on LAMP investments, see above.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's policy does not address concentration of credit risk.

For investments, **custodial credit risk** is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City investments are Category 1 investments, categorized as insured or registered, or securities held by the City or its agent in the City's name.

5. ACCOUNTS RECEIVABLE

Enterprise Receivables and Uncollectible Accounts

The individual customer consumption meters are not all <u>read</u> on the same day of the month. Meters are generally read between the first (1) and the twenty-first (21) day of each month. At the end of <u>any</u> particular month, individual customers will have from a week to a total month's consumption that they will not be billed for until the following month. It is estimated that at the end of <u>any</u> particular month there is, in the aggregate, approximately the equivalent of twenty (20) days' consumption that is unbilled to utility customers.

Accounts receivable - utilities customers at September 30, 2013, consisted of:

Accounts receivable – utilities	\$ 2,968,880
Allowance for D/A	(322,101)
	2,646,779
Unbilled receivables	1,151,184
Accounts receivable – utilities (net)	\$ <u>3,797,963</u>

The amount of other accounts receivable for business type activities at September 30, 2013 was \$65,594 as follows:

Intergovernmental	\$ 59,039
Interest	1,314
Franchise tax	1,581
Other	<u>3,660</u>
Accounts receivable - other	\$ <u>65,594</u>

Receivables detail at September 30, 2013 for governmental activities are as follows:

	<u>General</u>	Sales <u>Tax</u>	Sales Tax - <u>Sewerage</u>	Nonmajor Governmental	<u>Total</u>
Class of receivables:	 				
Taxes:					
Ad Valorem	\$ 20,465	\$ -	\$ -	\$ -	\$ 20,465
Sales Tax	-	240,284	240,284	_	480,568
Franchise tax	34,221	-	-	-	34,221
Intergovernmental	256,032	-	-	-	256,032
Fines/tickets	123,554	-	_	-	123,554
Interest	472	689	-	2,036	3,197
Other	_53,083			<u></u>	53,083
Gross receivables	487,827	240,973	240,284	2,036	971,120
Less: Allowance for					
uncollectibles	<u>(89,356</u>)		_		(89,356)
Receivables – net	\$ <u>398,471</u>	\$ 240,973	\$ <u>240,284</u>	\$ <u>2,036</u>	\$ <u>881,764</u>

6. ADVALOREM TAXES

The City levies taxes on real and business personal property located within City's boundaries. Property taxes are levied by the City of property values assessed by the Webster Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The Webster Parish Sheriff's office bills and collects property taxes for the City. Collections are remitted to the City monthly.

Property Tax Calendar

Millage rates adopted/levied	October 15
Tax bills mailed	On or about November 7, 2012
Due date	December 31, 2012
Collection dates	December 31, 2012 through April 2013
Penalty and interest accrues	January 1, 2013
Tax sale – 2012 property	May 15, 2013

The City considers the lien date (January 1, 2012) as the date an enforceable legal claim occurs for the 2012 property taxes. Property tax revenue is recognized in the period for which the taxes are levied (budgeted).

Any property with outstanding taxes owed is subject to annual public sale. Any property not purchased by individuals through the public sale, is then adjudicated to the City. The delinquent property owner has three years from the date of the tax purchase to redeem the property by paying all of the outstanding property taxes to date,

Notes to the Financial Statements

As of and for the Year Ended September 30, 2013

penalties and interest. Estimated uncollectible taxes are those taxes based on past experience which will not be collected in the subsequent year. The City has recognized approximately \$19,488 for outstanding taxes and other costs for delinquent property taxes, of which \$13,883 is estimated to be uncollectible.

The tax levy for 2012 was 7.61 mills of the assessed property valuation on tax rolls as of January 1. This tax became due on January 1, 2013 and delinquent on February 1, 2013.

The tax was dedicated as follows:

General corporate purposes

Downtown historic district

5.70 mills

1.91 mills

For the year ended September 30, 2013, taxes of \$408,411 were levied on property with assessed valuations totaling \$71,651,000.

Additionally, a tax of 1.91 mills on properties located within the established Minden Downtown Development District was approved by voters on October 22, 2011. For the year ended September 30, 2013, taxes of \$20,305 were levied on property with assessed valuations totaling \$10,631,290.

7. SALES AND USE TAX OPERATIONS

A. 1% sales and use tax - The City of Minden was authorized to levy and collect a one per cent (1%) sales and use tax by a special election held May 23, 1967.

The revenues derived therefrom were authorized to be used for "the purpose of opening, constructing, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks and bridges; constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, water-works, sewers and sewerage disposal works, garbage collection and waste disposal facilities, police department stations and equipment, public buildings and/or fire department stations and equipment, including fire engines, public parks and recreational facilities, airport facilities, and parking facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building, improvements and facilities, and such tax to be subject to funding into bonds by the City in the manner authorized."

For the year ended September 30, 2013, Sales Tax operating transfers (of "surplus") to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

General <u>Fund</u> \$ 2,653,900

Transfers to

B. 1% sales and use tax - sewerage improvements - The City of Minden was authorized to levy and collect a one

per cent (1%) sales and use tax by a special election held September 29, 1984.

The revenues derived therefrom were authorized to be used for "the purpose of constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities and fund the proceeds of the Tax into bonds to be issued in series from time to time for the purpose of constructing, acquiring and improving sewers and sewage disposal facilities and the Council shall (i) annually budget the amount of said net proceeds of the Tax required to pay principal and interest and reserve requirements on all bonds payable from the Tax and the amount required for extending, improving, operating and maintaining sewers and sewage disposal facilities and (ii) use the excess over said requirements to pay said bonds in full prior to their stated maturity and when provisions shall have been made for the payment of all of said bonds in full the authority to levy the Tax shall terminate."

By a special election held April 15, 2000, the City rededicated and renewed the levy of a one percent (1%) sales and use tax, which was originally authorized at an election held in the City on September 29, 1984.

The revenues derived therefrom were rededicated to be used for "the purpose of acquiring, constructing, improving, maintaining, equipping and operating sewerage, sewage disposal facilities and recreational facilities, including the acquisition of sites therefore, and authority to fund the sales tax into bonds by the City in the manner authorized."

For the year ended September 30, 2013, Sales tax-sewerage improvements operating transfers to other funds which were used for purposes for which the imposition of the tax was authorized were as follows:

	Debt	General	Utility
	<u>Service</u>	<u>Fund</u>	<u>Fund</u>
Transfers to	\$ <u>349,225</u>	\$ <u>1,449,279</u>	\$ <u>857,421</u>

Beginning July 1992, the City entered into an agreement with the Webster Parish Centralized Sales Tax Collection Agency to collect sales tax. The Agency collects the taxes from vendors, and then remits to the City, after deducting an administrative fee. The administrative fee of 1.4% was assessed during the year.

8. RESTRICTED ASSETS

Restricted assets of the City of Minden at September 30, 2013 were as follows:

Customers' Deposits	
Bank deposit accounts	\$ 610,000
Investments (net of market adjustment)	4,431
Total restricted assets	\$ <u>614,431</u>

9. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2013, for the primary government is as follows:

	Balance			Balance
Governmental activities:	October 1, 2012	Additions	<u>Deletions</u>	September 30, 2013
Capital assets, not being depreciated				
Land	\$ 1,906,300	\$ -	\$ -	\$ 1,906,300
Construction in progress	850,578	2,010,445	2,541,224	319,799
Total capital assets, not being depreciated	2,756,878	2,010,445	2,541,224	2,226,099
Capital assets being depreciated				
Buildings	15,643,108	65,000	-	15,708,108
Land improvements other than buildings	3,965,792	2,557,023	-	6,522,815
Equipment	6,485,330	199,328	-	6,684,658
Infrastructure	5,035,393	<u></u>		_5,035,393
Total capital assets being depreciated	31,129,623	2,821,351		33,950,974
Less accumulated depreciation for:				
Buildings	4,658,360	359,182	-	5,017,542
Land improvements other than buildings	793,757	178,520	-	972,277
Equipment	4,687,215	572,096	-	5,259,311
Infrastructure	2,411,406	<u> 121,773</u>		2.533,179
Total accumulated depreciation	12,550,738	1,231,571		13,782,309
Total capital assets, being depreciated, net	18,578,885	1,589,780		<u>20,168,665</u>
Governmental activities capital assets, net	\$ <u>21,335,763</u>	\$ <u>3,600,225</u>	\$ <u>2,541,224</u>	\$ <u>22,394,764</u>
	Balance			Balance
Business-type activities:	October 1, 2012	<u>Additions</u>	<u>Deletions</u>	September 30, 2013
Capital assets, not being depreciated				
Land and improvements	\$ 332,065	\$ -	\$ -	\$ 332,065
Construction in progress	<u>266,506</u>	_591,273	<u>846,266</u>	<u>11,513</u>
Total capital assets, not being depreciated	598,571	_591,273	<u>846,266</u>	343,578
Capital assets being depreciated				
Buildings	17,281,667	-	-	17,281,667
Land improvements other than buildings	29,770,688	1,231,116	-	31,001,804
Equipment	_8,563,846	<u>106,367</u>		8,670,213
Total capital assets being depreciated	<u>55,616,201</u>	1,337,483		<u>56,953,684</u>
Less accumulated depreciation for:				
Buildings	11,089,507	372,601	^	11,462,108
Land improvements other than buildings	16,521,175	720,381	-	17,241,556
Equipment	<u>6,633,934</u>	248,183		6,882,117
Total accumulated depreciation	34,244,616	1,341,165		<u>35,585,781</u>
Total capital assets, being depreciated, net	21,371,585	(3,682)		21,367,903
Business-type capital assets, net	\$ <u>21,970,156</u>	\$ <u>587,591</u>	\$ <u>846,266</u>	\$ <u>21,711,481</u>

Depreciation expense was charged as direct expense of the primary government as follows:

Governmental activities:		Business-type activities:	
General government	\$ 263,118	Water	\$ 307,925
Public safety	257,743	Sewer	463,705
Highway and streets	190,760	Electric	525,642
Parks and recreation	383,535	Other	43,893
Public works	<u> 136,415</u>	Total	\$ <u>1,341,165</u>
Total	\$ 1.231.571		

10. RETIREMENT SYSTEMS

Substantially all employees of the City of Minden, Louisiana, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, Firefighters' Retirement System of Louisiana and Louisiana State Employees Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All regular employees, other than firemen and policemen, of the City of Minden, Louisiana, are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and those members of city councils, who were serving as a council member on January 1, 1997, are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to three (3) percent of their final-average salary for each year of creditable service. Elected officials receive three and one-half (3 ½) percent. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary. Effective July 1, 2013 this rate increase to 9.5 percent. The City of Minden, Louisiana, is required to contribute at an actuarially determined rate. From July 1, 2012 through June 30, 2013 the rate was 17.00 percent of annual covered payroll. Effective July 1, 2013, the rate increased to 18.25 percent. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions to the System under Plan A for the years ending September 30, 2013, 2012 and 2011, were \$622,222, \$595,946, and \$535,453, respectively, equal to the required contributions for each years.

B. Municipal Police Employees Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City of Minden, Louisiana, is required to contribute at an actuarially determined rate of 31 percent of annual covered payroll. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contribution for the years ended September 30, 2013, 2012 and 2011, were \$373,861, \$332,355, and \$302,816, respectively, equal to the required contributions for each year.

C. Firefighters' Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City of Minden, Louisiana is required to contribute at an actuarially determined rate. From July 1, 2012 through June 30, 2013, the rate was 24 percent of annual covered payroll. Effective July 1, 2013, the rate increased to 28.25 percent. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As proved by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions for the years ended September 30, 2013, 2012 and 2011 were \$157,954, \$154,235, and \$141,041, respectively, equal to the required contributions for each year.

D. Louisiana State Employees' Retirement System (LASERS)

Plan Description. Membership in the Louisiana State Employees' Retirement System is mandatory for all state employees, except those specifically excluded by statute, whose employing agencies are LASERS participants. The age and years of creditable service required in order of a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Members of the judicial plan prior to January 1, 2011 have the choice to retire under judicial eligibility or regular rank and file eligibility. As a Judge or Court Officer, members accrue benefits at 2.5 percent of average compensation plus an additional one percent for years of service as a Judge or Court Officer. Average compensation will be based on a members highest successive 3 years of earnings. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Funding Policy. Plan members are required by state statute to contribute 11.5 percent of their annual covered salary and the City of Minden, Louisiana is required to contribute at an actuarially determined rate. From July 1, 2012 through June 30, 2013, the rate was 34.8 percent of annual covered payroll. Effective July 1, 2013, the rate increased to 36.3 percent. The contribution requirements of plan members and the City of Minden, Louisiana, are established and may be amended by state statute. As proved by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Minden, Louisiana's contributions for the years ended September 30, 2013, 2012 and 2011 were \$2,113, \$1,920, and \$1,467, respectively, equal to the required contributions for each year.

11. CAPITAL AND OPERATING LEASES

The City records items under capital leases as an asset and an obligation in the accompanying financial statements. The City did not have any capital leases during the fiscal year ended September 30, 2013. Therefore, there are no future minimum lease payments under capital leases or present value of the net minimum lease payments as of September 30, 2013.

The municipality has operating leases and rental expense as follows:

	Governmental	Business-type
Equipment:	<u>Activities</u>	<u>activities</u>
Cannon 5050 Copier - \$283/month for 48 months	\$ 1,698	\$ 1,698
Canon IPF755 Copier - \$295/month for 24 months	-	3,540
Minolta BizHub C353 - \$293.90/month for 60 months	3,233	-
Ricoh MPC 3503 - \$186/month for 60 months	372	-
Ricoh MPC 3001 - \$195/month for 48 months	2,340	
Total rental expense	\$ <u>7,643</u>	\$ <u>5,238</u>

The minimum annual commitments under noncancelable operating leases are as follows:

Fiscal year:	<u>Equipment</u>
2014	\$ 8,076
2015	4,572
2016	3,012
2017	2,232
2018	1,860
Total	\$ <u>19,752</u>

12. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended September 30, 2013:

	Balance			Balance	Amount due
Governmental activities:	Oct. 1, 2012	Additions	Deductions	Sept. 30, 2013	within one year
Refunding bonds	\$ 2,790,000	\$ -	\$ (275,000)	\$ 2,515,000	\$ 285,000
Compensated absences	249,930	49,983	-	299,913	20,938
Net OPEB obligation	2,000,101	707,877		2,707,978	<u></u>
Total governmental debt	\$ <u>5,040,031</u>	\$ <u>757,860</u>	\$ <u>(275,000</u>)	\$ <u>5,522,891</u>	\$ <u>305,938</u>
	Balance			Balance	Amount due
Business-type activities:	Oct. 1, 2012	Additions	Deductions	Sept. 30, 2013	within one year
Compensated absences	\$ 215,096	\$ -	\$ (8,283)	206,813	\$ 14,266
Net OPEB obligation	<u>851,013</u>	<u>257,955</u>	_	1,108,968	
Total business-type debt	\$ <u>1,066,109</u>	\$ <u>257,955</u>	\$ <u>(8,283</u>)	\$ <u>1,315,781</u>	\$ <u>14,266</u>

For governmental activities, refunding bonds are liquidated by the Sales Tax Refunding Bonds, Series, 2010 fund. The compensated absences and net OPEB obligation are generally liquidated by the General Fund.

Bonds payable at September 30, 2013, are comprised of the following individual issue:

		Interest
	Principal	to
	Outstanding	Maturity
\$3,115,000 Sales Tax Refunding Bonds, Series 2010		
dated November 1, 2010; due in annual installments		
of \$270,000 - \$350,000 through January 1, 2021;		
interest at 2%-3.25%; secured by pledge		
of the City's 1% sales and use tax designated for		
sewerage system improvements and recreation	\$ 2,515,000	\$ 297,688

The annual requirements to amortize all debt outstanding as of September 30, 2013, including interest payments \$297,688, are as follows:

Year ending			
September 30	Principal	<u>Interest</u>	<u>Total</u>
2014	\$ 285,000	\$ 63,075	\$ 348,075
2015	290,000	57,325	347,325
2016	300,000	50,675	350,675
2017	310,000	43,050	353,050
2018	320,000	35,175	355,175
2019-2021	<u>1,010,000</u>	48,388	1,058,388
	\$ <u>2,515,000</u>	\$ <u>297,688</u>	\$ <u>2,812,688</u>

At September 30, 2013, \$264,151 was available in the Debt Service Funds to service the general obligation bonds. In accordance with Louisiana Revised Statutes, the City is legally restricted in the amount of long-term bonded debt that may be issued. At September 30, 2013, the statutory limit was \$7,165,100. As of September 30, 2013, the City had no bonds secured by advalorem taxes.

Total interest expense paid on long-term debt as of September 30, 2013 was \$68,675.

13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at September 30, 2013, were as follows:

	<u>R</u>		
	General	Enterprise	
<u>Payables</u>	_Fund_	Fund	_Total_
General Fund	\$ -	\$ 71,157	\$ 71,157
Police Bond Fund	10,551		_10,551
Total	\$ <u>10,551</u>	\$ <u>71,157</u>	\$ <u>81,708</u>

Interfund transfers during the year ended September 30, 2013, were as follows:

Operating Transfers In

	General	Enterprise	Non-Major	
Transfers out	<u>Fun</u> d	Fund	Governmental	<u>Total</u>
Sales Tax Fund	\$ 2,653,900	\$ -	\$ -	\$ 2,653,900
Sales Tax Fund -				
Sewerage System	1,449,278	857,422	349,225	2,655,925
Enterprise Fund	<u>3,290,865</u>		149,866	<u>3,440,731</u>
Total,	\$ <u>7,394,043</u>	\$ <u>857,422</u>	\$ <u>499,091</u>	\$ <u>8,750,566</u>

Notes to the Financial Statements As of and for the Year Ended September 30, 2013

Transfers are primarily used to move funds from:

Sales Tax Fund – Sewerage System to cover debt service attributable to sewerage bonds and recreation bonds, to cover costs of recreation activities within the General Fund, and to cover costs of the sewer system within the Utility Fund.

The Enterprise Fund and Sales Tax Fund make transfers to supplement costs within the General Fund.

14. RETAINED EARNINGS/FUND BALANCES

Inventory at year end is equally offset by an unspendable fund balance amount in the General Fund.

Revenues collected by the Sales Tax Sewerage Fund are authorized to be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage and recreation facilities, therefore fund balance is restricted.

Advalorem tax and annual City appropriations comprise the main revenues collected by the Main Street Program to be used solely and exclusively for the purpose and benefit of the Downtown Development District of the City of Minden.

Revenues collected by the Drug Task Force Fund are restricted to drug enforcement activities.

Revenues reported in Sales Tax Refunding Bonds, Series 2010 fund are restricted for debt service.

Restricted Net Position - Governmental Activities

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

<u>Fund</u>	Restricted by	<u>Amount</u>
Sales Tax Sewerage Fund	Local ordinance/election	\$ 2,328,000
Sales Tax, Series 2002 Refunding	Local ordinance/election	561,796
Drug Task Force	Statutory requirements	26,528
Total restricted net assets – government	al activities	\$ 2,916,324

Restricted Net Position - Business-Type Activities

Enterprise Fund:

Restricted for meter deposits:

Cash and investments \$ 614,431

Less: meter deposit liability (611,477)

Total enterprise fund restricted for meter deposits \$ 2,954

Notes to the Financial Statements As of and for the Year Ended September 30, 2013

15. CONTRACTUAL SERVICE AGREEMENT - SANITATION SERVICES

During the year, the City entered into a seven-year agreement with BFI/Allied Waste Industries, Inc., a private company, to provide sanitation services to the City. These services include residential garbage and recyclable item pick-up and the disposal of such waste, with fees based on the number of pick-ups per week and the type of collection (curbside or backyard). The City then charges a monthly fee for sanitation services to individual customers on their utilities bills.

16. PENDING LITIGATION

There are several pending lawsuits in which the City is involved. The City Attorney estimates that the potential claims against the City, not covered by insurance resulting from litigation not mentioned above, would not materially affect the financial statements of the City.

Effective April 1, 1998, the City reinstated its general liability coverage. The City will maintain the reserve fund established in prior years for self-insurance. The reserve will be used to pay claims for amounts less than the deductible allowed under the City's general liability coverage. At September 30, 2013, \$109,233 has been reserved in the Enterprise Fund-Utilities Fund for this purpose.

17. POST EMPLOYMENT BENEFITS

Effective with the fiscal year ended September 30, 2009, the City of Minden implemented Government Accounting Standards Board Statement Number 45, <u>Accounting and Financial Reporting for Post Employment Benefits Other than Pensions (GASB 45)</u>.

<u>Plan description</u> — The City provides post employment benefits for eligible participants enrolled in the City of Minden health insurance program through the City of Minden, Employee Benefit Plan & Trust. This plan is a single employer defined benefit plan and the City maintains the authority to establish and amend plan benefit provisions and determine the contribution rates of the City and plan members. The plan provides medical, dental, vision, life and accidental death benefits. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The benefits are provided in the form of:

- An implicit rate subsidy where retirees receive health insurance coverage by paying a combined retiree/active rate
- An explicit subsidy where the city provides a health premium subsidy to eligible retirees

<u>Funding policy</u> – Retiree contributions are based on the total years that the retiree has serviced in the City. Retirees with less than 25 years of service receive a subsidy equal to 50% of the full premium. Retirees with more than 25 years of service receive a subsidy equal to 60% of the full premium.

The premiums, which include medical, dental, life and vision, are provided in the table below:

Non Medicare Premiums

Non Medicare Premiums		
	Rates	Rates
	Effective	Effective
Rate Tier	04/01/2012	06/01/2013
Retiree only	\$ 771.20	\$ 771.20
Retiree & child	\$ 1,642.66	\$ 1,642.66
Retiree & spouse	\$ 1,728.91	\$ 1,728.91
Retiree + Family	\$ 2,303.03	\$ 2,303.03
Medicare Premiums		
	Rates	Rates
	Effective	Effective
Rate Tier	<u>04/01/2012</u>	06/01/2013
Retiree only	\$ 627.81	\$ 431.05
Retiree & spouse	\$ 1,240.34	\$ 847.27
Retiree & spouse (one w/Medicare)	\$ 1,484.63	\$ 1,203.29

The plan is currently financed on a "pay-as-you-go" basis. For the year ended September 30, 2013, the City contributed \$772,361 for 33 retirees.

Annual other post employment benefit cost and liability – The City's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The unfunded actuarial accrued liability of \$20,481,000 is amortized over the maximum allowable period of 30 years on an open basis. It is calculated assuming a level percentage of projected payroll. The actuarially computed ARC is as follows:

		<u>2013</u>
Normal cost	\$	871,000
30 year UAL amortization amount	_	817,000
Annual required contribution (ARC)	\$]	1,688,000

The following table shows the components of the City's OPEB obligation for fiscal years 2013, 2012, and 2011:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net OPEB obligation - beginning of the year	\$ 2,851,114	\$ 1,977,315	\$ 1,625,109
Annual required contribution	1,688,000	1,688,000	1,242,000
Interest on net OPEB obligation	331,297	-	-
Adjustments to ARC	(281,104)	_	
Annual OPEB cost	1,738,193	1,688,000	1,242,000
Less: current year contributions	(772,361)	(814,201)	(889,794)
Increase in net OPEB obligation	965,832	<u>873,799</u>	<u>352,206</u>
Net OPEB obligation – end of year	\$ <u>3,816,946</u>	\$ <u>2,851,114</u>	\$ <u>1,977,315</u>
Percentage of annual OPEB cost contributed	44.43%	48.23%	71.64%

<u>Funding status and funding progress</u> — The actuarial accrued liability is the present value of future benefits which is attributable to past service. The actuarial accrued liability of the City's post employment benefit plan as of October 1, 2011 is \$20,481,000. The unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the actuarial value of plan assets. Since the plan has no assets, the unfunded actuarial accrued liability for the City's post employment benefit plan is the same as the actuarial accrued liability of \$20,481,000.

The covered payroll (annual payroll of active employees covered by the plan) was \$5,755,744, and the ratio of the UAAL to the covered payroll was 356%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<u>Actuarial Methods and Assumptions</u> - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits

provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City's actuarial valuation as of October 1, 2011 was calculated using the projected unit credit method with benefits attributed from the date of hire to expected retirement age. The actuarial assumption included a 4.5% discount rate. Other critical assumptions used in the actuarial valuation are the health care cost trend rate and participation assumptions. The valuation uses a health care cost trend rate assumption of 10% in the year October 1, 2011 to September 30, 2012 grading down by 0.5% each year until an ultimate health care cost trend rate is reached of 5%.

The participation assumption is the assumed percentage of future retirees that participate and enroll in the health plan. The participation assumption used in this valuation is 75%.

18. ON BEHALF PAYMENTS

During the fiscal year ended September 30, 2013, qualified city employees of the City Police Department, City Fire Department, and the City Marshal's Office received supplemental pay from the State of Louisiana. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$262,433 for the year ended September 30, 2013, and the related expenditures are as follows:

Public Safety -	
Police	\$ 176,416
Fire	80,017
Ward Marshal	6,000
Total public safety	\$ <u>262,433</u>

19. ACCOUNTING CHANGES AND ACCOUNTING STANDARDS

In fiscal year 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement 65, "Items Previously Reported as Assets and Liabilities."

Statement 63 will improve financial reporting by standardizing the presentation of deferred outflows or resources and deferred inflows of resources and their effect on a government's net position. The objective of Statement 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows or resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of the above statements changed the presentation of the City's financial statements. These changes consisted of the net assets being classified as net position and deferred charges of bond refunding being classified as deferred outflows of resources on the Statement of Net Position.

The implementation of Statement 65 also resulted in the reclassification of the beginning net position of the governmental activities in the government-wide financial statements. The deferred charges for issuance costs were reclassed as expense of prior periods and resulted in the adjustment below:

Net position at September 30, 2012	\$ 23,547,973
Change in reporting for deferred charges for debt issuance costs	(14,561)
Net position at September 30, 2012 (restated)	\$ <u>23,533,412</u>

56

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

Budgetary Comparison Schedules: General Fund Sales Tax Fund Sales Tax Fund – Sewerage System

Modified Approach for Reporting Infrastructure

Schedule of Funding Progress for Other Post Employment Benefit Plan

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual
General Fund
For the Year Ended September 30, 2013

						Actual	Fin	iance with al Budget
		Budgeted Amounts				GAAP		Positive
		Original		Final	Basis		(Negative)	
Revenues								
Taxes - ad valorem	\$	372,500	\$	437,500	\$	435,216	\$	(2,284)
Licenses - occupational	Ψ	550,000	4	550,000	•	570,653	*	20,653
Fees and rentals		641,200		716,200		710,016		(6,184)
Charges for services		1,080,000		1,080,000		1,103,395		23,395
Fines and forfeitures		87,000		87,000		104,753		17,753
Intergovernmental		3,331,300		2,331,300		2,455,266		123,966
Interest		3,000		3,000		5,311		2,311
Miscellaneous		47,900		47,900		137,900		90,000
Total revenues		6,112,900		5,252,900		5,522,510		269,610
Expenditures								
General Government		2,731,774		2,761,774		2,848,664		(86,890)
Public Safety		4,575,980		4,575,980		4,474,075		101,905
Highway and streets		983,271		1,058,271		1,026,435		31,836
Sanitation and health		906,441		906,441		931,386		(24,945)
Parks and recreation		1,753,345		1,788,345		1,770,524		17,821
Public works		3,201,565		2,201,565		2,374,155		(172,590)
Total expenditures		14,152,376	_	13,292,376		13,425,239		(132,863)
Excess (deficiency) of revenues over								
(under) expenditures		(8,039,476)		(8,039,476)		(7,902,729)		136,747
Other Financing Sources (Uses)								
Operating transfers in		8,039,476		8,039,476		7,394,043		(645,433)
Operating transfers out			_	10	_	_		
Total other financing sources (uses)		8,039,476	_	8,039,476		7,394,043		(645,433)
Net change in fund balance		-		-		(508,686)		(508,686)
Fund balance at beginning of year	****	1,169,454	_	1,169,454		1,169,454		-
Fund balance at end of year	<u>\$</u>	1,169,454	<u>\$</u>	1,169,454	<u>\$</u>	660,768	\$	(508,686)

CITY OF MINDEN, LOUISIANA Statement of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual Special Revenue Fund - Sales Tax Fund

For the Year Ended September 30, 2013

Revenues: Taxes - sales Interest Total revenues	Budgeted Original \$ 3,050,000 2,000 3,052,000	Amounts Budget \$ 2,700,000	Actual GAAP Basis \$ 2,893,178 6,352 2,899,530	Variance with Final Budget Positive (Negative) \$ 193,178 4,352 197,530
Expenditures:				
General government -	45 500	45 500	55 222	(0.722)
Collection expense	45,500	45,500	55,222	(9,722)
Miscellaneous	2,600	2,600	<u>797</u>	1,803
Total expenditures	48,100	48,100	56,019	(7,919)
Excess of revenues over expenditures	3,003,900	2,653,900	2,843,511	189,611
Other Financing Sources (Uses):				
Operating transfers out	(3,003,900)	_(2,653,900)	(2,653,900)	
Total other financing (uses)	(3,003,900)	(2,653,900)	(2,653,900)	_
Excess (deficiency) of revenues over (under) expenditures and other uses	-	-	189,611	189,611
Fund balance at beginning of year	2,128,235	2,128,235	2,128,235	
Fund balance at end of year	\$ 2,128,235	\$_2,128,235	\$ 2,317,846	\$ 189,611

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Sales Tax Fund Sewerage System
For the Year Ended September 30, 2013

	Budgeted	Amounts	Actual GAAP	Variance with Final Budget Positive
	Original	Budget	Basis	(Negative)
Revenues:				
Sales taxes	\$ 3,050,000	\$ 2,700,000	\$ 2,893,178	\$ 193,178
Interest	2,000	2,000	2,972	972
Total revenues	3,052,000	2,702,000	2,896,150	194,150
Expenditures:				
General government -				
Collection expense	45,500	45,500	55,221	(9,721)
Total expenditures	45,500	45,500	55,221	(9,721)
Excess of revenues over expenditures	3,006,500	2,656,500	2,840,929	184,429
Other financing (uses): Operating transfers out - Operating transfers in		_		_
Operating transfers out	(3,006,500)	(2,656,500)	(2,655,925)	575
Total other financing (uses)	(3,006,500)	(2,656,500)	(2,655,925)	575
Excess (deficiency) of revenues over (under) expenditures and other uses	-	-	185,004	185,004
Fund balance at beginning of year	2,142,996	2,142,996	2,142,996	
Fund balance at end of year	\$ 2,142,996	\$ 2,142,996	\$ 2,328,000	\$ 185,004

CITY OF MINDEN, LOUISIANA CONDITION RATING OF THE CITY'S STREET SYSTEM For the year ended September 30, 2013

# of city streets Percentage of streets in good or better condition Percentage of streets in substandard condition	2011	2012	2013
	327	327	328
	83.5%	83.5%	86.0%
	16.5%	16.5%	14.0%
Comparison of needed to actual maintenance/preservance Needed as of 1/1 (date of assessment) Actual cost of improvements incurred as of 9/30	ation \$ 1,742,432 \$ 811,521	\$ 1,742,432 \$ 2,500	\$ 1,650,532 \$ 654,698

The condition of road pavement is measured by the City using a pavement management system which rates the condition of the pavement surfaces using a 1-5 rating scale assessing the following distress factors:

- Base failure
- Surface wear
- Effects of outside construction contractors which may cause damage to streets during various projects
- Presence of potholes

The system is based on a condition rating system from 1 to 5. The rating scale used to classify roads in good or better condition (4-5), fair condition (3), and substandard condition (1-2). Roads which are rated 1 are considered highest priority for improvements. It is the City's policy to maintain at least 75% of its street system at a good or better condition level.

The city's condition assessment is determined every two years as the pavement conditions are monitored throughout this time.

SCHEDULE 3

CITY OF MINDEN, LOUISIANA Schedule of Funding Progress for Other Post Employment Benefit Plan September 30, 2013

		(a)	(b) Actuarial	(b-a)	(a/b)	(c)	(b-a/c) UAAL as a
Fiscal	Actuarial	Actuaria	l Accrued				Percentage of
Year	Valuation	Value of	f Liability	Unfunded	Fund	Covered	Covered
<u>End</u>	<u>Date</u>	<u>Assets</u>	(AAL)	AAL (UAAL)	<u>Ratio</u>	<u>Payroll</u>	<u>Payroll</u>
09/30/09	10/1/2008	\$ -	\$ 14,668,000	\$ 14,668,000	0%	\$ 5,328,372	275.28%
09/30/10	10/1/2008		14,668,000	14,668,000	0%	5,692,941	257.65%
09/30/11	10/1/2008	_	14,668,000	14,668,000	0%	5,841,555	251.09%
09/30/12	10/1/2011	_	20,481,000	20,481,000	0%	5,948,848	345.00%
09/30/13	10/1/2011	-	20,481,000	20,481,000	0%	5,755,744	356.00%

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Combining Statements Nonmajor governmental funds
- Schedule of Compensation Paid Board Members

CITY OF MINDEN, LOUISIANA Combining Balance Sheet Non-Major Governmental Funds September 30, 2013

		Special	Reve	enue	Capital Projects		jects Debt Service				
	T:	Drug ask Force Fund		Refunding Bonds pries, 2002	Im	Capital Improvements Street Fund		Sales Tax Refunding Bonds, Series 2010		Total Nonmajor Governmental Funds	
ASSETS											
Cash and cash equivalents	\$	20,949	\$	-	\$	8,242	\$	264,151	\$	293,342	
Investments		-		559,760		-		-		559,760	
Accounts receivable				2,036						2,036	
Total assets	\$	20,949	\$	561,796	\$	8,242	\$	264,151	\$	855,138	
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts, salaries, and other payables	\$		<u>\$</u>	-	<u>\$</u>		<u>\$</u>		<u>\$</u>		
Total liabilities								_			
Fund balances:											
Restricted		20,949		561,796		<u></u>		264,151		846,896	
Assigned						8,242				8,242	
Total fund balances		20,949		561,796		8,242		264,151		855,138	
Total liabilities and fund balances	\$	20,949	\$	561,796	\$	8,242	\$	264,151	\$	855,138	

CITY OF MINDEN, LOUISIANA Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Governmental Funds For the Year Ended September 30, 2013

	Special Revenue		Capital Projects	Debt Service			
	Ta	Drug isk Force Fund	efunding Bonds ries, 2002	Capital Improvements Street Fund	Sales Tax Refunding Bonds, Series 2010	No Gove	Total onmajor ernmental Funds
REVENUES							
Fines and forfeitures	\$	7,556	\$ ~	\$ -	\$ -	\$	7,556
Investment earnings		-	5,072	-	271		5,343
Other revenues		417	 	-			417
Total revenues	-	7,973	 5,072		271		13,316
EXPENDITURES							
General government		-		654,698	-		654,698
Public safety		11,288	-		-		11,288
Debt service			 	~	343,675		343,675
Total expenditures		11,288	 	654,698	343,675		1,009,661
Excess (deficiency) of revenues over							
(under) expenditures		(3,315)	5,072	(654,698)	(343,404)		(996,345)
OTHER FINANCING SOURCES (USES)							
Operating transfers in		-	-	149,866	349,225		499,091
Operating transfers out			 		<u> </u>		
Total other financing sources (uses)			 <u> </u>	149,866	349,225		499,091
Net change in fund balance		(3,315)	5,072	(504,832)	5,821		(497,254)
Fund balances beginning		24,264	 556,724	513,074	258,330		1,352,392
Fund balances ending	\$	20,949	\$ 561,796	\$8,242	\$ 264,151	\$	855,138

CITY OF MINDEN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund BalancesBudget and Actual
Nonmajor Governmental Fund - Sales Tax Refunding Bonds, Series 2010
Year Ended September 30, 2013

	Budgeted	<u>Amounts</u>	Actual GAAP	Variance with Final Budget Positive
	Original	Final	Basis	(Negative)
Revenues Interest Total revenues	\$ 150 150	\$ 150 150	\$ 271 271	\$ 121 121
Expenditures				
Debt service	344,875	_344,875	343,675	1,200
Total expenditures	344,875	<u>344,875</u>	343,675	1,200
Excess (deficiency) of revenues over (under) expenditures	(344,725)	(344,725)	(343,404)	1,321
Other financing sources Transfers in	349,800	349,800	349,225	(575)
Transfers out	349,800	349,800	349,223	(373)
Total other financing sources	349,800	349,800	349,225	(575)
Net change in fund balance	5,075	5,075	5,821	746
Fund balance at beginning of year	258,330	_258,330	258,330	
Fund balance at end of year	\$ 263,405	<u>\$ 263,405</u>	\$ 264,151	<u>\$ 746</u>

Schedule of Compensation Paid Board Members For the Year Ended September 30, 2013

The City of Minden, Louisiana paid the following amounts for compensation to the mayor and members of the City Council as of September 30, 2013:

				Car
	Con	npensation	$\underline{\mathbf{A}}$	<u>llowance</u>
Mayor -				
Bill Robertson	\$	55,385	\$	_
Joe Cornelius		13,846		-
City Council				
Joe Cornelius		8,723		1,000
Fayrine A. Kennon-Gilbert		10,800		1,200
Magaline Quarles		10,800		1,200
Tommy Davis		10,800		1,200
Benny Gray		10,800		1,200
Wayne Edwards		2,077		200
	\$	123,231	<u>\$</u>	6,000

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P.O. BOX 897 MINDEN, LOUISIANA 71058-0897 (318) 377-3171 FAX (318) 377-3177

MICHAEL W. WISE, C.P.A. CARLOS E. MARTIN, C.P.A. KRISTINE H. COLE C.P.A.

JENNIFER C. SMITH, C.P.A. KRISTIE K. MARTIN, C.P.A.

WM. PEARCE JAMIESON, C.P.A.(1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Tommy Davis, Mayor, and the Members of the Board of Aldermen City of Minden. Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minden, Louisiana, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Minden, Louisiana's basic financial statements and have issued our report thereon dated March 15, 2014. We issued an adverse opinion on the aggregate discretely presented component units and an unmodified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

Our report includes a reference to other auditors who audited the financial statements of City of Minden, Employee Benefit Plan & Trust as described in our report on the City of Minden, Louisiana's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the City of Minden, Employee Benefit Plan & Trust were not audited in accordance with Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Minden, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to

merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Minden, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised State 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Minden, Louisiana

ameson, Wise & Martin

March 15, 2014

JAMIESON, WISE & MARTIN

A PROFESSIONAL ACCOUNTING CORPORATION

601 MAIN STREET P.O. BOX 897 MINDEN, LOUISIANA 71058-0897 (318) 377-3171 FAX (318) 377-3177

MICHAEL W. WISE, C.P.A. CARLOS E. MARTIN, C.P.A. KRISTINE H. COLE C.P.A.

JENNIFER C. SMITH, C.P.A. KRISTIE K. MARTIN, C.P.A. WM. PEARCE JAMIESON, C.P.A.(1991)

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Tommy Davis, Mayor, and the Members of the Board of Aldermen City of Minden, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Minden, Louisiana's compliance with the types of compliances requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Minden, Louisiana major federal programs for the year ended September 30, 2013. City of Minden, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Minden, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Minden, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Minden, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Minden, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control over Compliance

Management of the City of Minden, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Minden, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Minden, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Minden, Louisiana

druesi Wise & Martin

March 15, 2014

CITY OF MINDEN, LOUISIANA Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2013

For the Year Ended September 30, 2013			
Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
United States Department of Transportation			
Pass-through programs from: Louisiana Highway Safety Commission: 2013 Special Enforcement Waves 2013 Special Enforcement Waves 2012 Special Enforcement Waves 2012 Special Enforcement Waves	20.205 20.608 20.205 20.608	2013-30-70-41 2013-30-70-41 2012-30-70-73 2012-30-70-73	\$ 1,166 1,166 623 623
Subtotal U.S. Department of Transportation pass-through programs			3,578
Direct programs:			
Federal Aviation Administration - Airport Improvement Program	20.106		1,568,436
Total United States Department of Transportation			1,572,014
United States Department of Justice:			
Pass-through programs from:			
Louisiana Commission on Law Enforcement and Administration of Criminal Justice:			
Evidence/Records Preservation	16.738	2012-DJ-06-1023	5,299
United States Department of the Interior:			
Pass-through programs from: Office of Cultural Development, Division of Historic Preservation			
CLG Grants Writing Training Workshop	15.904	12-HP-21	3,500
United States National Endowment for the Humanities:			
Pass-through program from: Louisiana Endowment for the Humanities			
The Way We Worked-Minden	45.129	12-420-052	1,000
United States Department of Housing and Urban Development:			
Pass-through programs from: Louisiana Office of Community Development: Community Development Block Grant	14.228	708706	572,467
Total expenditures of federal awards			\$ 2,154,280

CITY OF MINDEN, LOUISIANA NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended September 30, 2013

NOTE A - GENERAL

The accompanying schedule of federal expenditures of federal awards presents the activity of all federal award programs of the City of Minden, Louisiana. The City of Minden, Louisiana (the "City") reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE B - BASIS OF PRESENTATION

The expenditures for each of the federal assistance programs are presented in the schedule on the accounting basis as presented on the fund financial statements. For expenditures of governmental funds, expenditures are presented on a modified accrual basis. Expenditures of proprietary funds are presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented may differ from amounts present in, or used in the preparation of, the basic financial statements.

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

PART I - Summary of the Auditors' Results

Financial Statement Audit

- 1. The auditor's report expresses an adverse opinion on the aggregate discretely presented component units and an unmodified opinion on the governmental activities, business-type activities, each major funds and aggregate remaining fund information.
- 2. No significant deficiencies in internal control were required to be disclosed by the Government Auditing Standards issued by the Comptroller General of the United States of America.
- 3. There were no instances of noncompliance that were considered material, as defined by the Government Auditing Standards, to the basic financial statements.

Audit of Federal Awards

- 4. No significant deficiencies in internal control over major programs were required to be disclosed by OMB Circular A-133.
- 5. The auditor's report on compliance for the major federal award programs for the City of Minden, Louisiana expresses an unmodified opinion on all major federal programs.
- 6. No audit findings are required to be reported in accordance with OMB Circular A-133.
- 7. The major federal programs are:

Community Development Block Grant – CFDA #14.228 Airport Improvement Program – CFDA #20.106

- 8. The threshold for distinguishing Types A and B programs was \$300,000.
- 9. The City of Minden, Louisiana does not qualify as a low-risk auditee under OMB Circular A-133.

Schedule of Findings and Questioned Costs For the Year Ended September 30, 2013

Part II Findings related to the financial statement which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America

The results of our auditing procedures of the basic financial statements as of and for the year ended September 30, 2013 of the primary government of the City of Minden, Louisiana, disclosed no items that are required to be reported in accordance with *Government Auditing Standards*.

PART III – Findings and questioned costs for federal awards which are required to be reported under OMB Circular A-133

The results of our auditing procedures of the basic financial statements as of and for the year ended September 30, 2013 of the primary government of the City of Minden, Louisiana, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

Summary Schedule of Prior Year Findings For the Year Ended September 30, 2013

No items were required to be reported in accordance with *Government Auditing Standards* as of and for the year ended September 30, 2012.